CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3820	**Date: July 28, 2017**
	Change Request 10188

NOTE: This Transmittal is no longer sensitive and is being re-communicated November 21, 2017. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Payment Reduction for X-Rays Taken Using Computed Radiography

I. SUMMARY OF CHANGES: New paragraph 1848 (b)(9) of the Social Security Act provides that payments for imaging services that are X-rays taken using computed radiography (including the X-ray component of a packaged service) furnished during CY 2018, 2019, 2020, 2021, or 2022, that would otherwise be made under the Medicare Physician Fee Schedule (without application of subparagraph (B)(i) and before application of any other adjustment), be reduced by 7 percent, and similarly, if such X-ray services are furnished during CY 2023 or a subsequent year, by 10 percent.

Appropriate mechanisms may be adopted by the Secretary to implement this paragraph including the use of modifiers. A new modifier is being established to be used on claims that describe X-ray services taken using computed radiology. Beginning January 1, 2018, hospitals and suppliers will be required to use the modifier on claims for X-rays taken using computed radiology.

EFFECTIVE DATE: January 1, 2018
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 2, 2018

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	12/TOC
R	12/20.4.7/Technical Component Payment Reduction for X-Rays and Other Imaging Services
D	12/20.4.8/Special Rule to Incentivize Transition from Traditional X-Ray Imaging to Digital Radiography
D	12/20.4.8.1/Remittance Advice Remark Codes (RARCs), Claim Adjustment Reason Codes (CARCs), and Medicare Summary Notice (MSN)
R	13/TOC
N	13/20.2.4/Services That Do Not Meet the National Electrical Manufacturers Association (NEMA) Standard XR-29-2013
N	13/20.2.5/Special Rule to Incentivize Transition from Traditional X-Ray Imaging to Digital Radiography
N	13/20.2.5.1/Remittance Advice Remark Codes (RARCs), Claim Adjustment Reason Codes (CARCs), and Medicare Summary Notice (MSN)
N	13/20.2.6/Special Rule to Incentivize Transition from X-rays taken using Computed Radiography to Digital Radiography

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements
Manual Instruction

Attachment - Business Requirements

Pub. 100-04	Transmittal: 3820	Date: July 28, 2017	Change Request: 10188

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SUBJECT: Payment Reduction for X-Rays Taken Using Computed Radiography

EFFECTIVE DATE: January 1, 2018
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 2, 2018

I. GENERAL INFORMATION

A. Background: New paragraph 1848 (b)(9) of the Social Security Act (SSA) provides that payments for imaging services that are X-rays taken using computed radiography (including the technical component portion of a global service) furnished during calendar year (CY) 2018, 2019, 2020, 2021, or 2022, that would otherwise be made under the Medicare Physician Fee Schedule (MPFS) (without application of subparagraph (B)(i) and before application of any other adjustment), be reduced by 7 percent, and similarly, if such X-ray services are furnished during CY 2023 or a subsequent year, by 10 percent. Computed radiography technology is defined for purposes of this paragraph as cassette-based imaging which utilizes an imaging plate to create the image involved.

The statutory provision requires that information be provided and attested to by a supplier and a hospital outpatient department that indicates whether an applicable computed radiology service was furnished, and that such information may be included on a claim and may be a modifier. The statutory provision also provides that such information shall be verified, as appropriate, as part of the periodic accreditation of suppliers under SSA section 1834(e) and hospitals under SSA section 1865(a). Any reduced expenditures resulting from this provision are not budget neutral.

To implement this provision, modifier (Computed radiography services furnished) has been created. Beginning in 2018, claims for computed radiography services that are furnished for X-rays must include modifier FY that will result in the applicable payment reduction.

B. Policy: Beginning January 1, 2018, a payment reduction of 7 percent applies to the technical component (and the technical component of the global fee) for Computed Radiography services furnished during CY 2018, 2019, 2020, 2021, or 2022, that would otherwise be made under the MPFS (without application of subparagraph (B)(i) and before application of any other adjustment), be reduced by 7 percent, under the MPFS or the hospital Outpatient Prospective Payment System (OPPS) and similarly, if such X-ray services are furnished during CY 2023 or a subsequent year, by 10 percent for which payment is made under the MPFS or the hospital OPPS.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
10188.1	Contractors shall accept new modifier FY (Computed radiography) in their systems. (NOTE: The FY modifier will be included in the 2018 Healthcare Common Procedure Coding System update.)		X							
10188.2	Contractors shall apply a 7 percent reduction to the MPFS amount for services billed with the FY modifier for dates of service January 1, 2018, through December 31, 2022, and a 10 percent reduction for dates of service January 1, 2023, and after.		X				X			
10188.2.1	Effective for claims with dates of service January 1, 2018 through December 31, 2022, a 7 percent reduction applies to the technical component (and the technical component of the global fee) of the MPFS amount when the FY modifier is billed with an X-ray procedure. Contractors shall apply the FY reduction immediately following the application of the OPPS cap to the MPFS. (The MPFS amount cannot be greater than the OPPS amount. Contractors compare the OPPS Facility and Non-Facility Payment fields to the MPFS Facility and Non-Facility amounts and use the lower amount.) The FY modifier will reduce whichever of the two amounts applies.		X				X			
10188.2.2	For a global procedure billed with modifier FY for claims with dates of service January 1, 2018 through December 31, 2022, contractors shall reduce the global fee schedule amount by an amount equal to 7 percent of the fee schedule amount for the TC code only.		X				X			
10188.2.3	For claims billed with both modifier TC and modifier FY with dates of service January 1, 2018 through December 31, 2022, contractors shall reduce the fee schedule amount by 7 percent.		X				X			
10188.2.4	Effective for claims with dates of service January 1, 2023, a 10 percent reduction applies to the technical component (and the technical component of the global fee) of the MPFS amount when the FY modifier is billed with an X-ray procedure. Contractors shall apply the FY reduction immediately following the application of the OPPS cap to the MPFS. (The MPFS amount cannot be greater than the OPPS amount. Contractors compare the OPPS Facility and Non-Facility Payment fields to the MPFS Facility and Non-		X				X			

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	Facility amounts and use the lower amount.) The FY modifier will reduce whichever of the two amounts applies.									
10188.2.5	For a global procedure billed with modifier FY for claims with dates of service January 1, 2023 and after, contractors shall reduce the global fee schedule amount by an amount equal to 10 percent of the fee schedule amount for the TC code only.		X				X			
10188.2.6	For claims billed with both modifier TC and modifier FY with dates of service effective January 1, 2023, and after, contractors shall reduce the fee schedule amount by 10 percent.		X				X			
10188.3	Contractors shall note that the beneficiary is not liable for the FY modifier payment reduction.		X				X			
10188.4	For claims billed with the FY modifier and another X-ray reduction modifier on the same line, contractors shall apply both reductions if applicable. The FY modifier reduction will be applied after the other reduction (e.g., claims billed with both FX and FY modifier will have the FX modifier reduction applied first).		X				X			
10188.5	Contractors shall use the following CARC/RARC combination for claims submitted on or after January 1, 2018 with modifier (FY) Computed radiography services furnished. Remittance Advice Remark Code (RARC) N794 - Payment adjusted based on type of technology used. Claim Adjustment Reason Code (CARC) CARC 237 - Legislated/Regulatory Penalty. Medicare Summary Notice (MSN) 30.1 – The approved amount is based on a special payment method. Group Code: CO		X							
10188.6	Contractors shall be in compliance with the instructions found in the CMS Internet Only Manual Publication 100-04, Chapter 13-Radiology Services		X							

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	and Other Diagnostic Procedures.									

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
10188.7	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.		X			

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Tiera Canty, 410-786-1974 or Teira.Canty@cms.hhs.gov (Claims processing contact) , Eric Coulson, 410-786-3352 or Eric.Coulson@cms.hhs.gov (Claims processing contact) , Roberta Epps, 410-786-4503 or Roberta.Epps@cms.hhs.gov (Payment Policy Contact)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 0

Medicare Claims Processing Manual
Chapter 12 - Physicians/Nonphysician Practitioners

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20.4.7 – *Technical Component Payment Reduction for X-Rays and Other Imaging Services*

(Rev. 3820, Issued: 11-21-17, Effective: 01-01-18, Implementation; 01-02-18)

Several provisions provide for a payment reduction to the technical component (and the technical component of the global fee) for X-rays and imaging services under certain circumstances. Please see Chapter 13, Section 20.2 of this publication for more information.

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20.2.4 – Services That Do Not Meet the National Electrical Manufacturers Association (NEMA) Standard XR-29-2013

(Rev. 3820, Issued: 11-21-17, Effective: 01-01-18, Implementation; 01-02-18)

Section 218(a) of the Protecting Access to Medicare Act of 2014 (PAMA) is titled "Quality Incentives To Promote Patient Safety and Public Health in Computed Tomography Diagnostic Imaging." It amends the Social Security Act (SSA) by reducing payment for the technical component (and the technical component of the global fee) of the Physician Fee Schedule service (5 percent in 2016 and 15 percent in 2017 and subsequent years) for computed tomography (CT) services identified by CPT codes 70450-70498, 71250-71275, 72125-72133, 72191-72194, 73200-73206, 73700-73706, 74150-74178, 74261-74263, and 75571-75574 furnished using equipment that does not meet each of the attributes of the National Electrical Manufacturers Association (NEMA) Standard XR-29-2013, entitled "Standard Attributes on CT Equipment Related to Dose Optimization and Management."

The statutory provision requires that information be provided and attested to by a supplier and a hospital outpatient department that indicates whether an applicable CT service was furnished that was not consistent with the NEMA CT equipment standard, and that such information may be included on a claim and may be a modifier. The statutory provision also provides that such information shall be verified, as appropriate, as part of the periodic accreditation of suppliers under SSA section 1834(e) and hospitals under SSA section 1865(a). Any reduced expenditures resulting from this provision are not budget neutral. To implement this provision, CMS created modifier "CT" (Computed tomography services furnished using equipment that does not meet each of the attributes of the National Electrical Manufacturers Association (NEMA) XR-29-2013 standard).

Beginning in 2016, claims for CT scans described by above-listed CPT codes (and any successor codes) that are furnished on non-NEMA Standard XR-29-2013-compliant CT scans must include modifier "CT" that will result in the applicable payment reduction.

A list of codes subject to the CT modifier will be maintained in the web supporting files for the annual rule.

Beginning January 1, 2016, a payment reduction of 5 percent applies to the technical component (and the technical component of the global fee) for Computed Tomography (CT) services furnished using equipment that is inconsistent with the CT equipment standard and for which payment is made under the physician fee schedule. This payment reduction becomes 15 percent beginning January 1, 2017, and after.

20.2.5 - Special Rule to Incentivize Transition from Traditional X-Ray Imaging to Digital Radiography

*(Rev.**3820, Issued: 11-21-17, Effective: 01-01-18, Implementation; 01-02-18**)*

Section 502(a)(1) of the Consolidated Appropriations Act of 2016 is titled "Medicare Payment Incentive for the Transition from Traditional X-Ray Imaging to Digital Radiography and Other Medicare Imaging Payment Provision." It amends the Social Security Act (SSA) by reducing the payment amounts under the Physician Fee Schedule by 20 percent for the technical component (and the technical component of the global fee) of imaging services that are X-rays taken using film, effective January 1, 2017, and after.

Modifier FX (X ray taken using film) was created to implement this provision. Beginning January 1, 2017, claims for X-rays using film must include modifier FX, which will result in the applicable payment reduction.

20.2.5.1 - Remittance Advice Remark Codes (RARCs), Claim Adjustment Reason Codes (CARCs), and Medicare Summary Notice (MSN)

(Rev.3820, Issued: 11-21-17, Effective: 01-01-18, Implementation; 01-02-18)

Contractors shall use the following messages when adjusting x-ray radiograph claim lines that have been reported with the FX modifier:

CARC 237 – Legislated/Regulatory Penalty. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

RARC N775 - Payment adjusted based on x-ray radiograph on film.

MSN 30.1 - The approved amount is based on a special payment method.

20.2.6 - Special Rule to Incentivize Transition from X-rays taken using Computed Radiography to Digital Radiography

(Rev. 3820, Issued: 11-21-17, Effective: 01-01-18, Implementation; 01-02-18)

1848 (b)(9) of the Social Security Act provides that payments for imaging services that are X-rays taken using computed radiography (including the X-ray component of a packaged service) furnished during CY 2018, 2019, 2020, 2021, or 2022, that would otherwise be made under the PFS (without application of subparagraph (B)(i) and before application of any other adjustment), be reduced by 7 percent, and similarly, if such X-ray services are furnished during CY 2023 or a subsequent year, by 10 percent.

Computed radiography technology is defined for purposes of this paragraph as cassette-based imaging which utilizes an imaging plate to create the image involved.

Modifier FY was created to implement this provision. Beginning January 1, 2018, claims for computed radiography must include modifier FY, which will result in the applicable payment reduction.